

**BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/8/10

DESIREE W. HONORE
Certified Public Accountant
A Professional Corporation

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.

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JUNE 30, 2008

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Desiree' W. Honore', CPA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Baton Rouge Primary Care Collaborative, Inc.

Baton Rouge, Louisiana

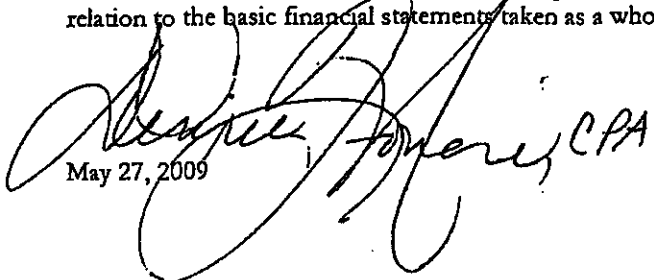
I have audited the accompanying statement of financial position of Baton Rouge Primary Care Collaborative, Inc. (the Company), as of June 30, 2008, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on this audit.

I conducted this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that this audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 27, 2009, on my consideration of the Company's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of this audit.

This audit was performed for the purpose of forming an opinion on the basic financial statements of the Company, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. Such supplementary data has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


May 27, 2009 CPA

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors

Baton Rouge Primary Care Collaborative, Inc.

Baton Rouge, Louisiana

I have audited the financial statements of Baton Rouge Primary Care Collaborative, Inc. (the Company) as of and for the year ended June 30, 2008, and have issued this report thereon dated May 27, 2009. I conducted this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing this audit, I considered the Company's internal control over financial reporting as a basis for designing these auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Company's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Company's financial statements that is more than inconsequential will not be prevented or detected by the Company's internal control. I consider items 2008-1 and

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Directors

Baton Rouge Primary Care Collaborative, Inc.

Baton Rouge, Louisiana

Compliance

I have audited the compliance of Baton Rouge Primary Care Collaborative, Inc. (the Company) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Company's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Company's management. My responsibility is to express an opinion on the Company's compliance based on my audit.

I conducted this audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that this audit provides a reasonable basis for my opinion. This audit does not provide a legal determination on the Company's compliance with those requirements.

In my opinion, the Company complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with

OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2.

Internal Control Over Compliance

The management of the Company is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing this audit, I considered the Company's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Company's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies.

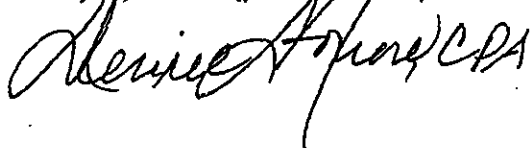
A *control deficiency* in a Company's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Company's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Company's internal control. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. I did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The Company's response to the finding identified in our audit is described in the accompanying management's response to findings (Page 21). I did not audit the Company's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

May 27, 2009



BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

Current Assets	
Cash and cash equivalents	\$ 224,879
Patient receivables - net of allowance for doubtful accounts	82,246
Prepaid expenses	1,909
Deposits	1,475
Total Current Assets	<u>310,109</u>
Property and equipment, net	<u>6,365</u>
TOTAL ASSETS	<u>\$ 316,874</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accrued expenses	\$ <u>38,666</u>
Total Current Liabilities	38,666
Net Assets	
Unrestricted	<u>278,208</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 316,874</u>

The accompanying notes are an integral part of this statement.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

REVENUE AND OTHER SUPPORT

Federal Grant	\$ 656,619
State Grants	139,113
Patient Revenues, net	204,103
Other	27,223
Total Revenue and Other Support	<u>\$ 1,027,058</u>

OPERATING EXPENSES

Salaries and wages ✓	\$ 477,656
Professional services ✓	168,707
Employee Benefits ✓	44,247
Travel ✓	42,500
Payroll taxes ✓	40,587
Computer maintenance and supplies ✓	33,751
Training and recruiting ✓	28,820
Depreciation ✓	27,881
Office expense ✓	23,700
Medical supplies ✓	22,981
Rent ✓	22,202
Telephone ✓	21,093
Janitorial services ✓	16,786
Legal and audit ✓	16,000
Laboratory services ✓	14,091
Dues and subscriptions ✓	13,504
Biomedical ✓	6,112
Utilities ✓	6,050
Repairs and maintenance ✓	5,449
Bank Fees ✓	4,475
Postage ✓	2,058
Printing ✓	1,809
Insurance	1,637
Total Operating Expenses	<u>\$ 1,042,096</u>

Net decrease in net assets	(15,038)
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NET ASSETS, beginning of year	<u>\$ 293,246</u>
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NET ASSETS, end of year	<u><u>\$ 278,208</u></u>
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The accompanying notes are an integral part of this statement.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

EXPENSES

	<u>Health Services</u>
PROGRAM	
Salaries and wages	\$ 477,656
Professional services	168,707
Training and recruiting	28,820
Medical supplies	22,981
Laboratory services	14,091
Biomedical	6,112
ADMINISTRATIVE	
Employee benefits	44,247
Travel	42,500
Payroll taxes	40,587
Computer maintenance and supplies	33,751
Depreciation	27,881
Office expense	23,700
Rent	22,202
Telephone	21,093
Janitorial supplies	16,786
Legal and audit	16,000
Dues and subscriptions	13,504
Utilities	6,050
Repairs and maintenance	5,449
Bank fees	4,475
Postage	2,058
Printing	1,809
Insurance	1,637
TOTAL EXPENSES	<u>\$ 1,042,096</u>

The accompanying notes are an integral part of this statement.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	(15,038)
Adjustments to reconcile increase in net assets to net cash used by operating activities	
(Increase) decrease in operating assets	
Decrease in accounts receivable	25,648
Decrease in prepaid expenses	17,866
(Increase) in deposits	(1,475)
(Decrease) increase in operating liabilities	
Increase in accounts payable	7,584

Net cash provided by operating activities	34,585
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INCREASE IN CASH	34,585
CASH AND CASH EQUIVALENTS - beginning of period	\$190,294
CASH AND CASH EQUIVALENTS - end of period	\$224,879

The accompanying notes are an integral part of this statement.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - NATURE OF OPERATIONS

The Baton Rouge Primary Care Collaborative, Inc. (The Company) is a non-profit corporation created to operate a Health Care for the Homeless Company and a Community Health Company in Baton Rouge. It was founded to increase access to high quality comprehensive health care services for the under-served population of East Baton Rouge Parish and the surrounding areas regardless of ability to pay.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. The measurement focus is on the flow of economic resources.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Company is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. These net asset classifications are described as follows:

Unrestricted Net Assets — not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors.

Temporarily Restricted Net Assets – subject to donor-imposed stipulations that may be fulfilled by actions of the Company to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – subject to donor-imposed stipulations that they be retained and invested permanently by the Company.

The Company has no temporarily or permanently restricted net assets.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. NET PATIENT REVENUE

The Company has a sliding fee plan for patients whose income levels fall within the sliding fee guidelines without any third party payors.

Net patient service revenue is reported at the estimated net realized amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

- C. Cash and Cash Equivalents** - Cash includes amounts in interest-bearing demand deposits.
- D. Prepaid Items** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.
- E. Capital Assets** - Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization threshold is \$5,000. The estimated useful lives are management's estimate of how long the asset is expected to meet service demands. Depreciation is provided by the straight-line method. Useful lives range from 3 to 7 years. Depreciation expense for the fiscal year ended June 30, 2008 was \$27,881.
- F. Income Tax** - The Company is exempt from income taxes under Internal Revenue Code Section 501(c)(3).
- G. Grant Revenue** - Grant revenue is recorded as related expenses are incurred.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- H. Use of Estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.
- I. Patient Revenue and Allowance for Uncollectible Accounts* -- Patient receivables are carried at the original billed amount less an estimate for uncollectible accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Patient receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

NOTE 3 - DEPOSITS AND INVESTMENTS

Summary of deposit and investment balances as of June 30, 2008:

Bank Deposits	\$ 224,879
Utility Deposits	\$1,475

Custodial credit risk is the risk that in the event of a bank failure, the Company's deposits may not be returned to it. The Company's carrying amount of bank deposits was \$224,879. Bank deposits consist of amounts held in interest bearing checking accounts. Of the total bank deposits and certificates of deposit, \$100,000 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining \$124,879 was not collateralized.

NOTE 4 - ECONOMIC DEPENDENCY

During the current year, the Company received \$656,619 or approximately 64% of its revenue from the Department of Health and Human Services Health Resources and Services Administration through various grant awards.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 5 – CONTINGENCIES – GRANT PROGRAM

The Company participates in a federal grant program which is governed by various rules and regulations. Costs charged to the grant programs are subject to audit and adjustments by the grantor agency; therefore, to the extent that the Company has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and Baton Rouge Primary Care Collaborative, Inc.

NOTE 6 – MEDICAL MALPRACTICE CLAIMS

The Company's medical malpractice insurance is covered by the Federal Tort Claims Act.

NOTE 7 – OPERATING LEASE

The Company operates from a building leased under an operating lease that began on April 1, 2005 and expired on March 31, 2008. The \$59,589 amount of the lease was paid at its inception and was charged to expense over the life of the lease. A new lease began April 1, 2008. Rental expense under this lease included in the statement of activities for the fiscal year ended June 30, 2008 was \$20,111.

SUPPLEMENTAL INFORMATION

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2008

<u>Federal Grantor Program Title</u>	<u>CFDA Number</u>	<u>Number</u>	<u>Expenditures</u>
U.S. Department of Health Human Services Health Center Cluster	93.224	N/A	\$613,453

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Baton Rouge Primary Care Collaborative, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report

**BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008**

Finding 2007 - 1 Inadequate Reconciliation of Account Balances to General Ledger

Condition: The Company failed to reconcile its accounts receivable and cash balances to the general ledger.

Recommendation: The Company should have a responsible official review and approve the reconciliations against the general ledger balances to make sure that both are in agreement.

Management's Response: We have implemented procedures to ensure that the employee preparing the reconciliations sign-off that the balances are in agreement and the employee's supervisor or designee sign off that this has been done and within the timeframe prescribed.

Current Year Status: Current year audit testing revealed deficiencies. See current year finding 2008-1.

Finding 2007 -2 Inadequate Documentation of Patient Procedures Performed

Condition: Some of the patients' files did not include the proper coding of procedures performed. It appears that the practitioners did not document the proper codes in the patients' files.

Recommendation: The Company should have a responsible official review and approve the codes entered into each patient's file on a daily basis. Failure to do so could result in future revenues that will be extremely difficult to collect.

Management's Response: We have implemented procedures requiring daily completion of charts and put internal control procedures in place to ensure accountability for all encounters for all providers daily. In addition our policy has been updated to include penalties for non-compliance.

Current Year Status: The current year's audit revealed no deficiencies in this area. This audit finding has been cleared.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

These findings were discussed in the audit exit conference on June 1, 2009. The meeting was conducted with Dr. Roderick Wilson and Lawrence Potier, Sr., Chairman of the Board and Chief Executive Officer, respectively, of Baton Rouge Primary Care Collaborative, Inc. Management are aware of the deficiencies noted in the following findings. Management believes that they have made great strides in their efforts to make improvements in internal controls within the accounting department.

FINANCIAL STATEMENTS

Finding 2008 — 1 Inadequate Reconciliation of Account Balances to General Ledger

Criteria:	A sound system of internal control dictates that subsidiary ledgers be reconciled and agreed to the general ledger account balances on a regular basis.
Effect:	The current year's audit revealed that the subsidiary schedules for the balances of cash, accounts receivable, and fixed assets did not reconcile to the general ledger. Additionally, the prior year's audit adjustments were not properly recorded. This resulted in beginning balances of several accounts being misstated at the beginning of the accounting period.
Questioned Costs:	None
Cause:	The Company did not have a strong internal control structure in place to ensure proper oversight in the reconciliation function.
Recommendation:	The Company should have a responsible official review and approve the reconciliations against the general ledger balances to make sure that both are in agreement.

**BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
SCHEDULE OF CURRENT YEAR FINDINGS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008**

FINANCIAL STATEMENTS - Continued

**Finding 2008 — 2 Inadequate Reconciliation of Salaries and Wages to Payroll Tax
Reporting Forms and to General Ledger**

Criteria:	A sound system of internal control dictates that salaries and wages be reconciled to all payroll tax reporting forms to assure that reporting to taxing authorities is correct.
Effect:	The current year's audit revealed, that although all taxes were properly paid, the failure to reconcile resulted in some wages being reported in the wrong period. Additionally, wages were not consistently recorded in the appropriate general ledger account.
Questioned Costs:	None
Cause:	The Company did not have a strong internal control structure in place to ensure proper oversight in the reconciliation function.
Recommendation:	The Company should have a responsible official review and approve the reconciliations against the general ledger balances to make sure that both are in agreement.

**BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

PART I: SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Are material weaknesses identified? _____ Yes X No

Are significant deficiencies that are not considered to be material weaknesses identified? X Yes _____ No

Is noncompliance which could have a material effect on the financial statements identified? X Yes _____ No

FEDERAL AWARDS

Internal control over major programs:

Are material weaknesses identified? _____ Yes X No

Are significant deficiencies that are not considered to be material weaknesses identified? X Yes _____ No

Type of report issued on compliance with requirements: Unqualified

Are there any audit findings that are required to be reported in accordance with section 501(a) of OMB Circular A-133? X Yes _____ No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
U. S. Department of Health and Human Services Health Center Cluster	93.224

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Is the auditee identified as a low risk auditee? X Yes _____ No

**BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS — CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008**

PART II. FINANCIAL STATEMENT FINDINGS

See current year findings 2008 — 1 and 2008 — 2.

PART III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See current year finding 2008 — 2.



Community Caring at its Best

Baton Rouge Primary Care

June 2, 2009

RE: Management Response to Findings

Finding 2008 - 1 Inadequate Reconciliation of Account Balances to General Ledger

We are in the process of working with our Electronic Medical Records and Billing System vendor to correct some deficiencies in the system. The current setup requires our accounting department to maintain a manual log of the subsidiary AR ledger. The electronic subsystem is not accurate because the system only allows 2 months within the accounting period to remain open at any time. This results in a huge problem when medical billing and or payments are completed and or refunds issued that affect transactions recorded in periods that are closed.

Finding 2008 - 2 Inadequate Reconciliation of Salaries and Wages to Payroll Tax Reporting Forms and to General Ledger

This has been corrected. This finding resulted from converting from an outsourced function to providing the payroll function in-house. We have corrected the error and have put safeguards in place to help prevent any reoccurrence.

Sincerely,

Lawrence Potier, Sr., CIA, CEO

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